

# TOWN ADMINISTRATOR

I am pleased to submit my Administrator's Report for 2017 which, as in prior reports, focuses on our budget recommendations for the upcoming year while the Board of Selectmen's Report highlights the many accomplishments achieved by Town departments, staff, and volunteers this past year.

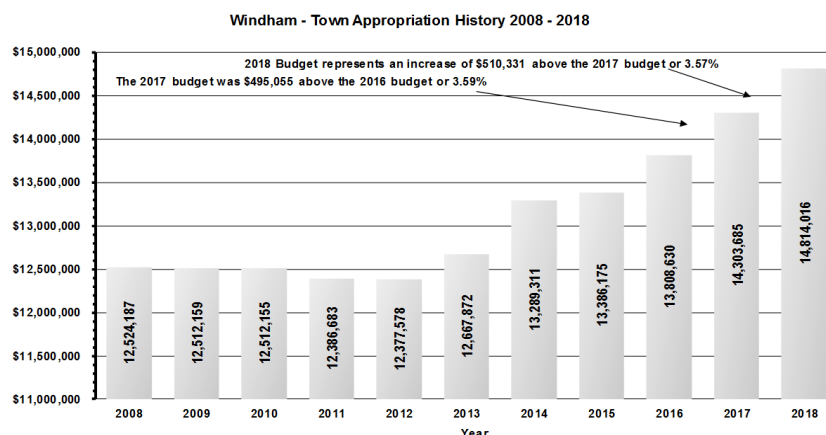
**2017 TAX RATE DISCUSSION:** As shown in the table below, the overall total tax rate for 2017 was lower than the total in 2016 by \$1.62/1000 valuation; a decrease of 7.42%. It is important to note that this is predominantly due to the School District receiving a one-time increase in State Aid of approximately \$2,800,000. The following detailed breakdown of the 2017 tax rate, as compared to 2016, shows not only the changes in the Town portion, but the School and County portions, as well, to more fully illustrate how the individual components of the Town's tax rate impacted the overall rate adjustment.

## ***2017 TAX RATE HIGHLIGHTS (assumes valuation changes [real rate])***

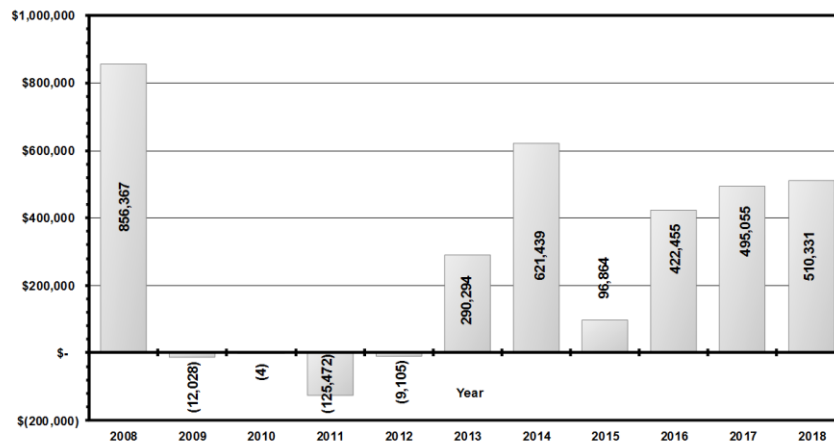
	2017 Net Appropriation	2017 Tax Rate	2016 Net Appropriation	2016 Tax Rate	% Increase (2017-2016)
Town	\$7,460,179	\$ 3.24	\$7,042,235	\$ 3.08	5.19%
Local School	\$31,219,130	\$13.54	\$34,914,920	\$15.32	(11.62%)
State School	\$5,377,756	\$ 2.35	\$5,326,111	\$ 2.36	(.42%)
County	\$2,462,299	\$ 1.07	\$2,415,742	\$ 1.06	.94%
Total Property Tax assessed	\$46,519,364	\$20.20	\$49,699,008	\$21.82	(7.42%)
Net Assessed Valuation	\$2,305,084,080		\$2,279,643,640		

As part of the overall rate decrease, the Town's portion increased by \$.16/1000 or 5.19%. This is because our appropriations increased \$495,000 while our general revenues, including available fund balance to reduce taxes, remained fairly constant from the previous year. For comparison purposes, the Town rate increased in 2016 by \$.10/1000 after having decreased in 2015 by (\$.52/1000).

**2018 BUDGET DISCUSSION:** In total the budget recommendation for 2018, as will be submitted to the Deliberative Session and net of the other funds and reimbursements, has increased \$510,331 or 3.57% from 2017. For the purpose of comparing year to year, the following charts highlight our annual appropriations, and the percentage differences in same, from 2008 to 2018. This data is exclusive of any petitioned warrant articles, which are not included in the overall budget as recommended by the Board and staff.

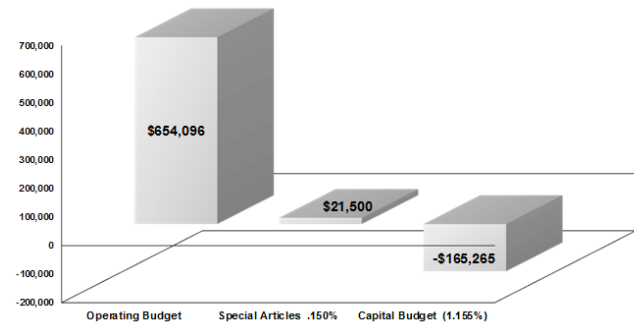
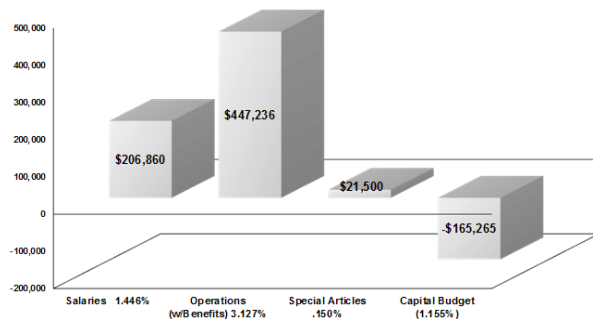


Windham - Differences in Appropriation History 2008 - 2018



As depicted below, \$654,096 of the overall 2018 budget growth is due to increases in our Operating Budget (*specifically salaries of \$206,860 and all other operating costs of \$447,236*); an increase of \$21,500 within special warrant articles, and; a decrease of (\$165,265) in the Town's portion of the Capital Improvement Program (CIP) expenditures.

### BREAKDOWN OF BUDGET IMPACT – 2018



### OPERATING BUDGET:

**Personnel Salaries:** The overall increase in salary expenses is due primarily to wage increases for all employees based on a 2% COLA (combined cost for all of \$139,640) and a half year cost of adding one new patrol position to the Police Department (a cost of \$51,080 in 2018); all offset slightly by a reduction in salary-related expenses within the Solid Waste department as a result of a staffing reorganization last year in which the Highway, Maintenance, and Transfer Station departments were combined into a new General Services Division. As a result, we were able to eliminate one full-time position at the Transfer Station and replace it with two, part-time employees; providing cost savings as well as setting us up to be able to open the Transfer Station for an additional day, a goal planned for 2018.s

Aside from the above mentioned personnel changes, the budget includes step raise impacts totaling \$28,640 for several employees across the overall Town employ.

**Operations:** This year's operating costs reflect a net increase of \$447,236 over two areas: \$86,990 more in benefit related expenses and \$360,246 more across all other operational areas. Benefit costs have increased mainly as a result of an increase in State Retirement costs of \$53,560. Health insurance costs are, for the first time in many years, less than the previous year by \$44,565 due to an overall decrease of -5.8% in our premium rates as well as some employee plan changes.

The remaining overall net increase represents changes across all departments, both increases and decreases, some of which include:

- \$100,000 to fund a PFOS site investigation required by the NH Department of Environmental Services in the area of the former and current fire department locations.
- \$97,255 more for Solid Waste due mainly to increases of \$53,380 for Waste Removal, \$45,000 for Contracted Services to cover the cost of disposing of recyclable materials (such an expense had not been necessary in the past when the Town actually received money for its recyclables), and \$23,515 in Vehicle Equipment to cover the lease payment for a new trailer acquired in 2017.
- \$96,586 more in Debt Service representing the first of ten (10) annual bond payments associated with the Town's 2017 purchase of a new Fire Engine Quint. Note that this purchase was not part of the 2017 Capital Improvement Program, so it is reflected in the overall Operating Budget.
- \$38,110 more in operating expenses for the IT Department including: \$31,090 of which is for enhancing MUNIS, the Town's main financial/human resources/tax software system. Three new modules will be added including a citizen's portal, employee portal, and a content management system.
- \$22,090 for development of an updated Storm Water Management Plan. The existing plan was written in 2003 under the then applicable Federal Storm Water Permit requirements. A new permit was adopted in 2017 which necessitates that the Town develop a revised plan to meet the new permit requirements.
- \$12,930 more in Elections based on more planned elections in 2018 compared to last year.
- \$5,100 more for Dispatch due to higher costs associated with our contract with the Town of Derry to dispatch our Fire Department calls.
- (\$15,220) less in the Searles budget due to a one-time expense towards replacing a stained glass window in 2017.
- (\$19,500) less in our Emergency Management budget due to two (2) large equipment purchases from 2017, specifically informational signs for the Fellows Road complex and a similar sign at the Town Hall complex not being similarly repeated in 2018.

### **CAPITAL PROJECTS:**

The following seven (7) individual projects make up the Town's portion of the CIP budget. Combined, the dollars needed to fund these projects has decreased by a net of (\$165,265) from our 2017 CIP allocation.

1. \$300,000 for road improvements is an annual allocation to perform both complete and partial reconstructions of Town roadways. This recommended funding is \$60,000 less than the previous few years. While several roads are being considered for 2018 including portions of Canterbury, Gertrude, Glance, Heritage Hill, Hidden Valley, Londonderry, and Princeton Road, the final determination of which roads will be done will not be made until the spring.

2. \$480,000, representing 80% of the expected cost needed, to replace Bridge #057/071 which carries Castle Hill Road over Beaver Brook. The bridge has been on the State's "red bridge" list for the past few years and was permanently closed in November of 2016 due to its inability to carry any legal load across it. The Town has been approved for a State Bridge Aid Grant which will reimburse the Town for the full \$480,000. The remaining 20% or \$120,000 will come from additional Highway Block Grant funds given to the Town in 2017 as part of a special legislation, known as SB38, resulting in the Town having to raise no additional funds to complete the project.
3. \$180,000 to replace all of the Fire Department's mobile and portable radios. The radios to be replaced are fifteen (15) years old while the industry standard is to replace same every seven (7) years or so; the ability to find replacement parts is becoming extremely difficult.
4. \$85,715 representing the third of four (4) annual bond payments associated with the Town's 2015 purchase of a new Fire Engine Pumper.
5. \$70,000 to replace the shingles on the Library roof and make any necessary repairs. The roof is close to twenty (20) years old and has been showing significant wear.
6. \$30,000 for improvements to the Greenway Trail from its intersection at North Lowell Road out to its connection with I93. In 2015 the Town entered into an agreement with the State of NH whereby the State would install a box culvert under I-93 to provide pedestrian access across the I-93 right-of-way and the Town would "blaze" a trail approximately 1100 feet in length within the existing Greenway Trail right-of-way. The "blazing" of the trail is to be completed by October 2018. As part of the project the Town will need to fill in 4,320 square feet of forested seasonal flooded wetland to improve and upgrade the existing rail bed; a wetland permit to do so has already been obtained.
7. \$25,000 to be used to complete detailed engineering plans and bid specifications for the Town Common Beautification project. As noted in the Capital Improvement Plan *"This is a multi-phase planned project to upgrade the areas in the Town Municipal Center consisting of the Town Hall, Community Development Building, Armstrong Building, Senior Center, and Bartley Building. Improvements will include "beautification" based projects such as improving the landscaping, visual appearance of the area, as well as "functional" projects such as providing additional parking areas in the rear of the Community Development Building, and "safety" projects including sidewalks and a crosswalk on North Lowell Road"*.

**SPECIAL WARRANT ARTICLES:** In addition to the above operating and capital budget items, the following five (5) special warrant articles make up the balance of the Town's overall budget request. They include three (3) appropriations for Trust articles; and two (2) other types of appropriations.

***Trust Articles:***

1. \$30,000 - Earned Time Trust: The balance in our Trust as of December 2017 is \$279,022; while we continue to have an accrued liability of over \$1.2 million for all employees combined. This funding request is the same as was appropriated in 2017.
2. \$50,000 - Property Maintenance Trust: This amount is also the same as appropriated in 2017. The following projects are slated to receive funding priority in 2018: 1) Interior Painting in several buildings, 2) carpet replacements in various buildings, and (3) repairing the rubber roof over the Town Hall vault.

3. \$100,000 - to replace the HVAC systems at the Police and Fire Stations. Both systems, approaching 20 years of use, are the original systems put in when the two buildings were constructed and have been repaired several times over the past few years. The funds needed to cover the expected cost will come from the Facilities and Grounds Improvement Fund. This Fund, established and funded in 2017 by a portion of the proceeds the Town realized from the sale of several surplus Town properties, was envisioned to be used for larger scale items and would require a vote of the Town Meeting to be expended.

***Other Articles:***

1. \$40,000 for the purpose of hiring a consultant(s) to study and prepare preliminary design plans for a water line along Route 111 primarily in the area between Route 93 and Ledge Road. The State of NH is currently planning, through MTbE Settlement Funds, to extend a water line from the Town of Derry along Route 28 to an area near the intersection of Range Road and Route 111. Having the design plans to extend this line further down Route 111 would allow the Town to get the extension onto the State's project list and possibly funded in large part by the state funds.
2. \$1,500 to pay for the administrative fees associated with acquiring approximately 1000' of the Greenway Trail, from its intersection with North Lowell Road to Interstate Route 93. Once acquired the Town would then, with the passage of the warrant article to raise \$30,000, "blaze" a trail over the area to be acquired as explained early in this report.

**IN CONCLUSION:**

I wish to offer my sincere appreciation to my administrative staff for their hard work and dedication over this past year, and for consistently going above and beyond. Similarly, I offer my gratitude to all the Department Heads, staff, and volunteers who work so hard for the betterment of our community. It is, and has always been, my pleasure to be able to work with such a learned and passionate group of individuals who make work both enjoyable and worthwhile.

To the Board of Selectmen, I wish to express my gratitude for both the support and trust they put in me as well as all the employees. Further I extend my thanks to them for the amount of time and commitment they put into being a Selectmen.

Above all else, I want to thank the residents of Windham, as well as the business owners, for their ongoing support and interest in their Town, and for taking time out of your busy lives to get involved in so many different ways. They say it takes a "Village" to make things happen; well, as clearly evidenced during this year's 275<sup>th</sup> anniversary celebration and the myriad of events that were held to celebrate the occasion, the Windham community epitomizes this in a huge way.

Respectfully submitted,



David Sullivan, Town Administrator